



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 7/8/2002

GAIN Report #ES2005

El Salvador

Agricultural Situation

Food Security

2002

Approved by:

Frank Coolidge, Agricultural Counselor

U.S. Embassy

Prepared by:

Miguel Herrera, Agricultural Specialist

Report Highlights:

The Northern triad is not self-sufficient in the production of basic grains and relies on imports to satisfy demand. The United States is the major supplier of yellow corn and rice to the Northern triad. White corn is usually imported from Mexico and South Africa. El Salvador and Honduras are major markets for U.S. wheat. This is not the case in Guatemala where Canadian wheat dominates the market. This report includes June published USDA crop data for 2001-2003.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Guatemala [GT1], ES

TABLE OF CONTENTS

Executive Summary	<u>1</u>
Statistical Tables	<u>2</u>
El Salvador	<u>2</u>
Guatemala	<u>2</u>
Honduras	<u>3</u>

Executive Summary

So far favorable weather throughout the region is assuring normal development of major crops. Initial identification of the formation of the "El Niño" weather phenomenon by major world weather forecast institutions had government officials worried in the region. The impact of the 1997-1998 and 2001 droughts was still present in the minds of thousands of small farmers that resulted affected. However, preventive action plans to reduce drought damage were taken in all three countries. Some of those actions were:

- Identification of high risk areas to refrain from planting until soil humidity reached acceptable levels.
- Provision of certified seeds.
- Construction of water reservoirs.
- Sharing information on climate changes.
- Promoting use of a regional grain production balance sheet.
- Review of forest and environmental policies that have been successful in the past in controlling forest fires.

Corn and bean crops in all three Northern triad countries (El Salvador, Guatemala, Honduras) are forecast to increase in 2003. Corn production in these countries is not sufficient to satisfy demand. Yellow corn is imported mainly from the United States to manufacture feed for the poultry, livestock and swine industry. White corn which is preferred for human consumption is traded among the three countries. When regional production of white corn is low, imports from Mexico and South Africa are needed. Usually, El Salvador and Honduras have active trade in beans because of similar consumer preference for small red kidney beans. In the case of Guatemala, consumers prefer black beans. Pinto bean imports from the United States are slowly growing, however competitive pricing as well as promotion and sampling are needed to educate the market. All three countries depend on rice imports to satisfy demand. The United States provides approximately 98 % of rice imports to El Salvador, Guatemala and Honduras. Rice production is steadily decreasing in the region mainly due to lack of technology, inadequate production methods and lack of profitability.

Wheat imports continue to increase in the region. However, consumption is hampered by lack of disposable income in the region due to sluggish economic performance mainly attributed to low prices for traditional crops such as sugar and coffee, lower demand for exportable products due to international recession and continued consumer preference for corn tortillas over bread. Introduction of bake centers in major supermarket chains are responsible for much of the growth in wheat demand. Wheat based bread could be more widely consumed if there were more bakeries and sales outlets in the interior shopping areas of all three countries. U.S. wheat dominates the Honduran and Salvadoran markets. In Guatemala, wheat mills have shifted to Canadian wheat. The U.S. Wheat Associates can more actively promote consumption of U.S. wheat and soft wheat products in order to increase demand for wheat.

Statistical Tables

Following are the June published U.S. Department of Agriculture (USDA) crop Production/Imports/Consumption revised, preliminary and forecast numbers for 2001-2003 in the Northern triad:

EL SALVADOR

Crop (1000 MT)	2001 (Revised)			2002 (Preliminary)			2003 (Forecast)		
	Production	Imports	Consumption	Production	Imports	Consumption	Production	Imports	Consumption
Corn	581	362	971	564	409	977	567	414	983
Rice 1/	31	47	70	24	44	72	23	48	74
Beans 2/	67	28	92	74	23	94	83	16	96
Wheat	0	236	230	0	241	235	0	248	242

1/Milled

2/Red kidney

GUATEMALA

Crop (1000 MT)	2001 (Revised)			2002 (Preliminary)			2003 (Forecast)		
	Production	Imports	Consumption	Production	Imports	Consumption	Production	Imports	Consumption
Corn	1050	500	1600	1100	550	1650	1150	600	1700
Rice 1/	22	35	56	23	40	62	24	40	63
Beans 2/	87	3	89	91	5	93	96	5	98
Wheat	1	350	351	1	400	401	1	450	451

1/Milled

2/Black

HONDURAS

Crop (1000 MT)	2001 (Revised)			2002 (Preliminary)			2003 (Forecast)		
	Production	Imports	Consumption	Production	Imports	Consumption	Production	Imports	Consumption
Corn	420	350	785	390	375	775	430	360	790
Rice 1/	7	81	88	7	65	76	7	80	90
Beans 2/	59	10	69	42	27	69	60	10	70
Wheat	0	300	300	0	325	325	0	330	330

1/Milled

2/Red kidney